Zug, November 2021

Information to FWB-Listed Companies

Dear Sir and Madam,

Following on the changes to the DAX methodology announced on Tuesday, November 24, 2020, STOXX Ltd. today provides further guidance to the companies listed on the Regulated Market of the Frankfurter Wertpapierbörse (FWB®, the Frankfurt Stock Exchange).

Overview of changes

- December 2020:
  - Introduction of Profitability requirement for DAX inclusion

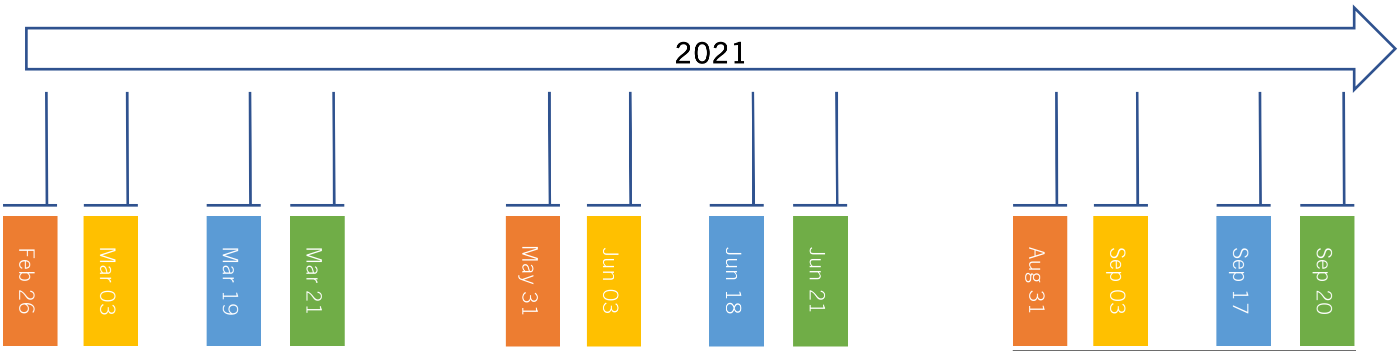
- March 2021:
  - De-coupling of index rules from the Prime Standard segment with the introduction of the requirement of being listed at FWB in the Regulated Market
  - Requirement of timely publication of the audited annual financial report, and half-yearly (mandatory interim) financial report according to the recommendations contained in the Deutsche Corporate Governance Kodex (DCGK), with Fast Exit, if after an additional grace period, the requirement is still not fulfilled
  - Requirement of timely publication of quarterly statement or quarterly financial report for Q1 and Q3, with Fast Exit if, after an additional grace period, the requirement is still not fulfilled
  - Requirement of declaration of existence of an Audit Committee according to recommendations of the DCGK. A grandfathering right is granted to companies that are part of the DAX Selection Indices as of February 26, 2021
  - Addition of March Review for DAX (and derived indices, i.e., DAX 50 ESG, DAX ex Financials, etc.) based on Regular Exit and Regular Entry

- June 2021:
  - No changes to the methodology

- September 2021:
  - Changes to number of constituents in DAX and MDAX: Expansion of number of constituents in DAX from 30 to 40 and reduction of number of constituents in MDAX from 60 to 50
  - Selection solely based on market capitalization
  - Introduction of a minimum liquidity threshold

The detailed index rules are described in the Guide to the DAX Equity Indices published on https://www.dax-indices.com/ressourcen. The changes will be implemented throughout year 2021: to increase transparency, STOXX Ltd. Will publish a rulebook that contains only the relevant changes ahead of each review for which those changes are scheduled.

Visual timeline



Q1 review

- Index eligibility extended to all issuers in FWB Regulated Market
- Introduction of financial reporting requirements (comparable to current Prime Standard requirements)
- Introduction of requirement of declaration of existence of audit committee in line with DCGK recommendation
- Addition of DAX review in March according to Regular Entry and Regular Exit criteria

Q2 review

- No changes introduced

Q3 review

- Extension of DAX to 40 components
- Reduction of MDAX to 50 components
- Selection by free-float market capitalization only (no turnover ranking any longer)
- Introduction of minimum liquidity requirement

Ranking list cut-off date: date as of which data relevant for the review are collected

Ranking List publication date: publication of Ranking List on which basis the indices will be reviewed

Review implementation date: trading day at the close of which the new index composition is implemented

Review effective date: trading day at the open of which the new index composition is effective

Overview of affected Indices

- DAX, MDAX, SDAX, TecDAX
- DAX 50 ESG, DAX ex Financials, DAX ex Financials 30, HDAX
- Additional derived and strategy indices

General Q&A

Question	Answer (STOXX)
Which indices are affected by the new index rules?	The DAX Selection Indices are affected. Those comprise: DAX, MDAX, SDAX, TecDAX. Other indices (e.g., DAX 50 ESG, DAX ex Financials, DAX ex Financials 30, HDAX, and several strategy indices) that derive their methodology or composition from the aforementioned indices are also affected. Please refer to the rulebook for the full details.
Are there any special requirements for the free float in the index rules?	The rules for determination of free-float remain unchanged.
What are the exact requirements for inclusion in a DAX selection index?	All Basic Criteria, i.e. requirements for eligibility for inclusion into a DAX selection index, are listed in section 4.1.1.1 of the Guide to the DAX Equity Indices[1].

1. Requirements effective as of December 2020

1.1. Implications for listed companies

1.1.1. Introduction of Profitability requirement for DAX inclusion

This requirement is only valid for inclusion in the blue-chip index DAX. Going forward a company must show positive financial results in terms of EBITDA in its most recent two consecutive fiscal years in order to be considered for DAX inclusion. STOXX uses an external data provider (Refinitiv) that provides a calculated (not reported) EBITDA based on the following formula at the time of this document: pre-tax income with interest expense on debt and depreciation, depletion and amortization added back, and interest capitalized subtracted.

The rule only applies at time of index inclusion, i.e., companies that are DAX constituents at the time the monthly ranking list relevant for the periodic index review is compiled will not be affected even if they do not meet the profitability requirement.

Example: If during March 2021 index review a DAX constituent shows negative EBITDA for 2020 its index membership is not affected. However, a hypothetical non-component that obtains the best ranking (and could, in this regard, be considered eligible), but shows a negative EBITDA in at least one of the two most recent fiscal years, would not be eligible for DAX inclusion: such company would be a member of MDAX, provided it fulfils all remaining membership requirements.

[1] https://www.dax-indices.com/document/Resources/Guides/DAX_Equity_Indices.pdf

1.2. IMPLICATIONS FOR NEWLY LISTED COMPANIES (IPO)

STOXX Ltd. Can assess the calculated historical EBITDA data of a newly listed company after this has been made available to STOXX Ltd. By the external data provider. According to the data provider, this data is usually available within a few days from the listing, also historically.

2. Requirements effective as of March 2021

2.1. Implications for listed companies

2.1.1. De-coupling of index rules from the Prime Standard segment with introduction of the requirement of being listed at FWB in the Regulated Market

From March 2021, all companies in the Regulated Market of FWB are eligible for inclusion into a Selection Index, provided they meet all relevant Basic Criteria described in the rulebook.

Question	Answer (STOXX)
As of when does the obligation to be listed in the Prime Standard for index inclusion no longer apply?	The new rule will be implemented with the February 2021 Ranking List and be effective with the Index review in March 2021.

2.1.2. Requirement of timely publications of audited annual financial report and half-yearly (mandatory interim) financial reports according to the recommendations contained in the Deutsche Corporate Governance Kodex (DCGK), with Fast Exit if, after an additional grace period, the requirement is still not fulfilled

For all companies listed on the FWB regulated market, the timely publication of audited annual financial reports is required, as well as the publication of half-yearly or mandatory interim financial information.

1. “Timely” in this context refers to the recommendations from the DCGK:
    a. Publication of the audited annual financial report within 90 calendar days after the end of the reporting period
    b. Publication of the half-yearly (mandatory interim) financial report within 45 calendar days from the end of the reporting period
    c. In addition to the recommendations given, STOXX Ltd. Has introduced a grace period that is added to the recommendation from the DCGK before a company is declared to be in breach. Once in breach of this requirement, this then leads to a removal from the Selection Indices with 2-days’ notice. The mechanism of the grace period works as follows:
        i. Annual financial report: A company that did not publish its audited annual financial report within 90 calendar days from the end of the fiscal reporting period is identified on the ranking list published on qontigo.com. It will be removed from the index with 2 trading days’ notice if it fails to publish its audited annual financial report within 4 months from the end of the reporting period (current statutory deadline by law).
        ii. Half-yearly (mandatory interim) financial report: A company that did not publish its half-yearly (mandatory interim) financial information within 45 calendar days from the end of the fiscal reporting period is identified on the ranking list published on qontigo.com. It will be removed from the index with 2 trading days’ notice if it fails to publish its half-yearly report within 3 months from the end of the reporting period (current statutory deadline by law).
    d. Once excluded, a company can only be eligible again if the publication requirement (and all other requirements) is fulfilled again. It will then be ranked on the subsequent ranking list.
2. The requirement of “Publication” in this context is satisfied by the publication of the respective financial report on the company website. STOXX Ltd. Will use the service of data providers and other private and public sources to retrieve the information.

Question	Answer (STOXX)
What happens when companies publish reports and statements in time, but based on non-IFRS, e.g., US GAAP? What are the requirements for financial reporting under the new set of index rules regarding the report language?	In addition to WpHG requirements, also acceptable are consolidated Financial Statements and Group Management Reports prepared in compliance with accounting standards, which have been acknowledged as equivalent to IFRS by the EU-Commission in its decision of December 12, 2008 (2008/961/EC), amended by the Commission Implementing Decision of April 12, 2012 (2012/194/EU), and by the Commission Regulation (EC) No. 1289/2008 of December 12, 2008 (these are: US-GAAP, Japanese GAAP as well as Chinese GAAP, Canadian GAAP and South Korean GAAP; for business years beginning prior to January 1, 2015, third country issuers may also prepare their reports in compliance with Indian GAAP). Reports may be prepared in German or English.
How do the requirements in the new set of rules differ from the regulations in the Prime Standard?	The new requirements differ concerning the timing of report publication, and the language a report has to be provided in. Reports may be prepared in German or English.
What are the requirements for financial reporting under the new set of index rules regarding the half-yearly (mandatory interim) financial information?	There is no requirement with respect to the content of the financial reporting from the DCGK. To de-couple the Basic Criteria for index inclusion from Prime Standard membership the relevant paragraphs from WpHG are now explicitly mentioned in the Basic Criteria. At present, a company that is already listed in the Prime Standard fulfils the requirement.
How do I submit my financial reports to STOXX? Does the ERS of the FWB also have to be used for this?	Companies only have to publish financial reports by making them publicly accessible on their website. Exchange Reporting System (ERS) continues to be used for the reporting relevant for the fulfilment of the Prime Standards obligations but will not be used by STOXX.

2.1.3. Requirement of timely publication of the quarterly statement or quarterly financial report with Fast Exit if, after an additional grace period, the requirement is still not fulfilled

For all companies listed on the FWB Regulated Market, the timely publication of the quarterly statement or quarterly financial report for Q1 and Q3 is required as part of the Basic Criteria for DAX, MDAX, SDAX, TecDAX.

While the DCGK does not give recommendations concerning the timely publication of the quarterly statement or quarterly financial report, the publication requirement in the Basic Criteria of the DAX Selection Indices is set to 45 days.

A company that does not publish the quarterly statement or quarterly financial report within 45 days from the end of the fiscal reporting period is publicly named on qontigo.com. It is removed from the index with 2-days' notice if it fails to publish its quarterly statement or quarterly financial report within 75 days from the end of the relevant quarter.

A company listed on the General Standard and that already publishes quarterly statements or quarterly financial reports at the time this new requirement is introduced, is deemed to fulfil the requirement.

Question	Answer (STOXX)
Do companies have to publish quarterly financial reports?	Companies have to publish quarterly statements for Q1 and Q3 as part of the Basic Criteria for DAX, MDAX, SDAX and TecDAX. However, a company can opt to publish quarterly financial reports instead.
Can you clarify further what is meant with “quarterly statement or quarterly financial report according to Prime Standard requirements”?	STOXX has adopted the same requirements with respect to content for the quarterly statements or quarterly financial reports that currently exist for the Prime Standard and extended them to any company in the Regulated Market that aspires to DAX, MDAX, SDAX or TecDAX membership. In this sense, Prime Standard membership as such is not a prerequisite for index membership anymore. A quarterly statement is sufficient in accordance with the requirements, but a financial report may also be prepared. The report can be published in German or English, though.
The requirement of quarterly reporting increases complexity and effort for the companies, especially if of small size.	The proposal largely mirrors the current requirements for Prime Standard membership; hence we do not expect that it will create an additional burden as compared to the status quo. It will allow companies to become eligible for the indices even without Prime Standard membership. At present, a company already listed in the Prime Standard fulfils the requirement.

2.1.4. Requirement of declaration of existence of an Audit Committee according to recommendations of the German Corporate Governance Code (DCGK). A grandfathering right is granted to companies that are part of the DAX Selection Indices as of February 26, 2021.

Only companies listed on the FWB Regulated Market that do not declare any deviations with respect to recommendations C.10 (with sole reference to its applicability to the Chair of the Audit Committee), D.3, D.9, D.10, D.11 of the German Corporate Governance Code are considered eligible. The German Stock Corporation Act requires that companies issue on an annual basis a Declaration of Conformity with the recommendations of the DCGK or explain why such compliance could not be achieved.

A grandfathering right is granted to current components of the Selection Indices until August 2022. Current components are those companies that are part of one of the Selection Indices as of February 26, 2021. The grandfathering right is lost if the company is removed from the Selection Indices before August 26, 2022.

Question	Answer (STOXX)
Foreign companies typically do not publish Declarations of Conformity with respect to the DCGK. They may publish similar or equivalent compliance statements in other countries. Is this sufficient?	A foreign company that is not required to publish a Declaration of Conformity is deemed to meet the criterion provided that it has published on its website a statement that confirms the company does not deviate from the above recommendations, as applicable accordingly to their legal form and jurisdiction. STOXX makes available under https://www.dax-indices.com/ressourcen the template that foreign companies shall use for the purpose of drawing such statement. Such statement must be published annually.
What about companies with only 3 board members who cannot form a committee? Do they automatically have to leave the indices?	Any interpretation with regard to the mentioned recommendations is the responsibility of the company. Only those companies are eligible for ranking that do not declare any deviation from these recommendations. STOXX does not provide advice on the principles, recommendations and suggestions of the German Corporate

	Governance Code. In this context, non-compliance with the Code is also given if companies make use of the explain policy in their Declaration of Conformity. As described above, for current index components a grandfathering rule applies that allows adapting to the requirement until August 2022.
Companies incorporated in the form of KGaA may fail to fulfil the requirement by the very nature of their corporate structure. Are companies that state in an audited Declaration of Conformity with respect to DCGK that a function equivalent to the Audit Committee exists, considered to conform with the requirement?	STOXX acknowledges the comment. However, similarly to the answer to the above question, STOXX cannot provide guidance on how the recommendations of the DCGK can be satisfied but merely requires that a company's Declaration of Conformity does not declare exceptions to the recommendations required for index membership. Challenges with respect to compliance with these recommendations can be addressed with the Commission of the DCGK.
Does the grandfathering rule also apply for intra-index changes, e.g. when a company leaves MDAX is it eligible for SDAX inclusion or is the grandfathering right lost at that time? What about changes in TecDAX, e.g. a company that leaves SDAX, but remains in TecDAX is that still protected under this rule and hence would it eligible for re-entering SDAX at a later stage?	The grandfathering rule was introduced to ensure index continuity for the time companies need to adapt to the new criterion. In that regard, the selection indices DAX, MDAX, SDAX and TecDAX are considered as a coherent set of indices, meaning, that a company leaving DAX or MDAX that at the same time qualifies for MDAX or SDAX addition, respectively, falls under the grandfathering right. The grandfathering rule allows all current index components to adapt to the new requirement of existence of an audit committee until August 2022. The relevant cut-off date is the last trading day, i.e. August 31, 2022. The grandfathering right is lost once a security is not a component any longer of any of the four indices DAX, MDAX, SDAX or TecDAX.
Does the grandfathering rule only apply to companies that do not have an Audit committee at all, or does it also protect those who have an Audit Committee which does not fully comply with the recommendation D.3,C.10, D.9, D.10, and D.11 yet?	As stated in the answer given for question 2, Companies must publish a Declaration of Conformity with the DCGK in which they, at least, do not declare deviations from the recommendations C.10 (with sole reference to its applicability to the Chair of the Audit Committee), D.3, D.9, D.10, D.11 . Consequently, the grandfathering right is granted to all current index components (as per February 26, 2021) that do not comply either with the complete code or with the relevant recommendations until August 2022.

2.1.4.1. HOW ARE THE DECLARATIONS OF CONFOMIRTY WITH REGARD TO THE AUDIT COMMITTEE ASSESSED?

Question	Answer (STOXX)
Which public Information other than the Declaration of Conformity is assessed when evaluating the compliance status of a company?	The most recent Declaration of Conformity is assessed in general. Companies may publish the Declaration within another document on their websites, e.g. Corporate Governance Statement. Other information than the Declaration of Conformity is usually not assessed unless it is the case of an IPO or for foreign companies.
Do Foreign Companies have to use the template provided by STOXX to declare conformity with the relevant recommendations of the GCGC?	Foreign Companies must ensure, that they declare deviations from the recommendations C.10 (with sole reference to its applicability to the Chair of the Audit Committee), D.3, D.9, D.10, D.11. The usage of the template provided by STOXX under Template_Declaration_Foreign_Companies is recommended by STOXX, but on voluntary basis. The usage of similar wording, that states that no deviation is given with regard to the recommendations listed above is also equally correct.
How is the Absence of a Declaration of Conformity evaluated?	Companies are obliged to state their compliance status with the GCGC according to the German Stock Corporation Act §161 on annual basis. Furthermore, the Act requests the permanent publication of the Declaration on the companies' website. The Guide to the DAX equity Indices states under section 4.1.1.1, that "the criterion is assessed based on the Declaration of Conformity published for the calendar year in course or, if the publication deadline of the Declaration of Conformity is yet to come, for the previous year. If no such Declaration of Conformity is publicly available, or if it declares deviations from the above recommendations, the criterion is considered breached." Therefore, in case of absence of a Declaration of Conformity for the

	most recent calendar year (or the previous year if the due date is yet to come), the relevant company is considered as non-compliant.
How do you assess the compliance status of insolvent Companies or companies in liquidation?	STOXX conducts the research of the companies' compliance status monthly for all companies listed in the regulated market of FWB. Therefore, for insolvent companies or companies in liquidation the same rules apply to evaluate their compliance with regard to recommendations C.10 (with sole reference to its applicability to the Chair of the Audit Committee), D.3, D.9, D.10, D.11 and the result will be reflected on the ranking list by either "NO", "blank" or "Grandfathering Rule"
How do you evaluate the compliance status of a company that states that the formation of an Audit Committee or the compliance with the recommendations C.10 (with sole reference to its applicability to the Chair of the Audit Committee), D.3, D.9, D.10, D.11 is effective at a future point in time?	In that case, STOXX considers the company as compliant from the effective date given. However, ideally the company would publish an update of their Declaration of Conformity dated the future effective date of compliance with the recommendations or the date the Audit Committee is effective.
Do you expect the company to refer to the newest version of the Codex in its statement?	The Codex Commission published the new version of the Codex on 16 December 2019 in order to allow companies to adapt to the new version. It was then published in the federal gazette on 20 March 2020 and since then is the only valid version that companies should refer to in their Declaration. As per German Stock Corporation Act §161, companies must publish a Declaration of Conformity annually. These Declarations must refer to the current version of the Codex, hence any Declaration published after March 2020 has to refer to the newest version of the Codex. STOXX therefore only considers Declarations of Conformity that refer to the newest codex as valid.
Is the independence of the Chairperson assessed in addition to what is stated in the company's Declaration of Conformity?	STOXX solely evaluates the information given in the Declaration of Conformity. No additional public or other information is considered, unless in case of an IPO or for foreign companies.
How do you evaluate the compliance with the GCGC of a listed SPAC? Do you reassess the Declaration after de-SPAC?	If the SPAC has published a Declaration of Conformity this is evaluated as for any other listed company, if no such Declaration is available, this is treated in the same way as the absence of a Declaration and is therefore considered as non-compliant. STOXX conducts the evaluation process on a monthly basis, therefore, as soon as the SPAC enters the de-SPAC phase, STOXX would evaluate the Declaration of Conformity of the company that the SPAC has transferred into, if available. If the company is listed under a non-German ISIN, the same rule apply as for other foreign companies, who may publish a statement of Conformity in line within this template: Template_Declaration_Foreign_Companies, that states compliance with the recommendations listed under 2.1.4.
Do newly listed Companies have to use the exact same wording provided by STOXX to declare conformity with the relevant recommendations of the GCGC in their IPO prospectus?	Other than for foreign companies, STOXX has not published a wording for such statement. According to the rulebook, the following holds true: "Companies that are newly listed on the Regulated Market of FWB and have not issued the mandatory annual Declaration of Conformity at the time of listing, are deemed to meet the criterion provided that the company's executive board (Vorstand) and supervisory board (Aufsichtsrat) have published on its website a statement that confirms the company does not deviate from the above recommendations [recommendations C.10, D.3, D9., D.10, D.11]. The statement is considered valid until the first compulsory annual Declaration of Conformity is published."
How do you assess a Declaration of Conformity of a company that declares a deviation from D.3 and C.10 due to the size of its supervisory board?	As also stated in section 2.1.4 of this document, any deviation explained with regard to one or all of the recommendations C.10 (with sole reference to its applicability to the Chair of the Audit Committee), D.3, D.9, D.10, D.11 will be evaluated as non-compliant. STOXX does not interpret the Declaration itself, including in the context of the size of the supervisory board of the company. If a company assesses that it is exempt from the application of a recommendation, it might consider not raising an exception to that specific recommendation. To

	understand whether the company is legally obliged to declare deviations or not is the sole responsibility of the company.
Do you apply any logic such that non-compliance with one recommendation results automatically in non-compliance with another one?	STOXX evaluates compliance for each of the recommendations C.10, D.3, D.9, D.10, D.11 individually. No interdependency of the recommendation is considered.
How do you evaluate the compliance status of a company that does not declare any deviation with regard to C.10, D.3, D.9, D.10, D.11, but declares a deviation of D.2 (with reference to the Audit Committee) or the general absence of committees elsewhere within the Declaration?	According to the rule as described in Section 4.1.1.1 STOXX expects companies to either declare no deviations from all the recommendations C.10, D.3, D.9, D.10, D.11 or compliance with the full Codex. Hence, if a company declares a deviation from D.2 or states the absence of Committees in general under any other section of the Declaration this is not considered relevant for the compliance status of the company. However, in order to avoid any misinterpretation, companies should not publish contradicting statements regarding the formation of committees in their Declaration of Conformity.
How does STOXX acknowledge the new regulation as per §107 Section (4) of the German Stock Corporation Act effective as of July 1st, 2021 to be applied from 1st of January 2022 on?	The new basic criteria linked to the recommendations of GCGC as mentioned above, set out by STOXX at 26th February 2021 is fully aligned with the new version of the German Stock Corporation Act §107 Section (4) published on July 1st, 2021.

2.1.5. Addition of March Review for DAX (and derived Indices, i.e. DAX 50 ESG, DAX ex Financials, etc.) based on Regular Exit and Regular Entry

From 2021 onwards, DAX, DAX 50 ESG and DAX ex Financials 30 are reviewed twice a year in March and September according to the Regular Exit and Regular Entry Rules in addition to Fast Exit and Fast Entry Rules.

2.2. IMPLICATIONS FOR NEWLY LISTED COMPANIES (IPO)

De-coupling of the preconditions for index eligibility (basic criteria) from the requirement to be listed on the Prime Standard segment and introduction of the requirement to be listed in the regulated market at FWB as a precondition for index eligibility (basic criteria)
Newly listed companies in Prime and General Standard are considered for index inclusion, provided that they meet all basic criteria.

2.2.1. Requirement of timely publications of audited annual financial report, and half-yearly (mandatory interim) financial report following the recommendations of the DCGK with Fast Exit after additional grace period has been exceeded

No extraordinary rule applies for audited annual financial reports or half-yearly financial reports, as the publication is required by law and listed companies are regulated by WpHG from the day of their listing.
With regard to half-yearly financial reports, a company that is newly listed on the Regulated Market of FWB, must fulfil the requirement for the reporting period that ends immediately after its listing.
In consideration of the fact that such financial reports are required by law, it is assumed that a newly listed company on the Regulated Market of FWB will fulfil the requirement starting with the reporting period that ends immediately after its listing: in this regard, the basic criteria are deemed fulfilled from the time of listing until the due date of the financial report.

2.2.2. Requirement of timely publication of the quarterly statement or quarterly financial report with Fast Exit after additional grace period has been exceeded

For newly listed companies, or General Standard companies that do not publish Quarterly Statements or Quarterly Financial Reports, the Criterion is also deemed met provided that the company's Board of Directors and the Management Board have published on its website a statement of intent that states the company will publish Quarterly

Statements or Quarterly Financial Reports going forward. In this statement of intent, the company must commit that it will prepare Quarterly Statements or Quarterly Financial Reports as per the requirements of the Prime Standard in due time for all future quarterly reporting periods. A company that fails to adhere to its statement of intent, i.e., does not publish the statement or report as anticipated, is deemed to be in breach of the Criterion at that point. Currently, the admission to Prime Standard also allows to fulfil the index Criterion, in virtue of the Prime Standard obligation to publish Quarterly Statements or Quarterly Financial Reports within deadlines that are compatible with the requirements of the index rules.

2.2.3. Requirement for the existence of an Audit Committee according to recommendations of the German Corporate Governance Code (DCGK) with a grandfathering right given to current components (as of February 26, 2021)

With regard to companies that are newly listed on the Regulated Market of FWB and may have not issued the mandatory annual Declaration of Conformity at the time of listing, the Criterion is also deemed met provided that the company's executive board (Vorstand) and supervisory board (Aufsichtsrat have published on its website a statement that confirms the company does not deviate from the above recommendations. The statement is considered valid until the first compulsory annual Declaration of Conformity is published.

3. REQUIREMENTS EFFECTIVE AS OF SEPTEMBER 2021

3.1. IMPLICATIONS FOR LISTED COMPANIES

3.1.1. Changes to number of constituents in DAX and MDAX

The number of DAX constituents will increase from 30 to 40. Consequently, the number of MDAX constituents will decrease from 60 to 50. The number of SDAX and TecDAX constituents will remain unchanged.

The implementation of the changes is performed during the September 2021 review. As a result of the application of the new ruleset and the change in the number of constituents for DAX and MDAX, the largest companies in the MDAX that fulfil the DAX profitability requirement will move to DAX. The ranking buffer thresholds for DAX and MDAX are modified to reflect the different number of constituents.

3.1.2. Selection solely based on market capitalization

Companies are currently selected for index inclusion based on the two parameters of free-float market capitalization and 12-months order book volume. This will be changed going forward such that companies are selected solely based on their free-float market capitalization. The Guide to the DAX Equity Indices[2] will reflect that change in chapter 4.1.1.3

3.1.3. Introduction of a minimum liquidity threshold

The change mentioned above comes along with the introduction of a new minimum liquidity requirement that is based on a company's turnover rate. The turnover rate is defined as the ratio of 12-months order book volume divided by free-float market capitalization. This is to ensure the investability of the Selection Indices going forward. The

[2] https://www.dax-indices.com/document/Resources/Guides/DAX_Equity_Indices.pdf

minimum liquidity will be added as part of the Basic Criteria in section 4.1.1.1 of the Guide to the DAX Equity[3] Indices:

Minimum Liquidity on FWB:

- Initial eligibility: in order to be ranked, a company that is not an index component at the Ranking List cut-off date must have a minimum trading volume over the last 12-months of 1 bn EUR at FWB or show a turnover rate of at least 20%. Companies that do not fulfil this criterion will not receive a rank.
- Continued eligibility: for continued eligibility, a company that is already an index component at the Ranking List cut-off date must have a minimum trading volume over the last 12-months of at least 0.8 bn EUR or show a turnover rate of at least 10% in order to remain in the index. Companies that do not fulfil this criterion will not receive a rank any longer, until they fulfil the initial eligibility requirement.

Hence, going forward, companies with low liquidity compared to their free-float market capitalization, are not eligible for index membership. The selection itself will then only be based on the size, i.e., free-float market cap, of the company.

3.2. IMPLICATIONS FOR NEWLY LISTED COMPANIES (IPO)

3.2.1. Changes to number of constituents in DAX and MDAX

No implications.

3.2.2. Selection solely based on market capitalization

No implications.

3.2.3. Introduction of a minimum liquidity threshold

For a newly listed company, the 12-month average order book volume is unavailable, therefore the following applies to determine if the minimum liquidity criterion is met.

If the order book volumes of a company are not available for the whole twelve-month period due to a company's initial listing on FWB, the order book volumes of the first 20 trading days are ignored, and the remainder of the relevant data is linearly extrapolated to twelve months. However, this procedure is only applicable to companies that have been traded for at least 30 days as per the cut-off date, taking order book volumes of at least ten days into account for extrapolation purposes.

[3] https://www.dax-indices.com/document/Resources/Guides/DAX_Equity_Indices.pdf